

Minutes of Meeting of WG Balancing on 2nd of February

Meeting

Date	02/02/2023
Organiser	Jan Voet

Participants		Attended	Excused
BASF	Waelkens Tom	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BASF	Verrydt Eric	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bnewable	Masschelin Matthias	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Brugel	Haaker Nick	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BSTOR	Bayart Pierre	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BSTOR	Fieuws Arthur	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOP	Canière Hugo	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CBS	Benquey Romain	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CBS	Adigbli Patrick	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cogen Vlaanderen	Reyniers Stefaan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CREG	Bertrand Gilles	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CREG	Libert Brice	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CREG	Maenhoudt Marijn	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Eneco	Bhatt Dhruv	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Eneco	Boddu Sumalik	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Eneco	Bulun Ozlem	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Eneco	Masiak Eryk	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Eneco	van den Berg Jasper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ENGIE	De Cock Peter	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ENGIE	Laleman Ruben	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ENGIE	Stubbe Gerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Febeliec	Van Bossuyt Michaël	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FEPEG	Wagnier Jean-François	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Flexcity	Van Vlaanderen Emiel	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Luminus	Chafaqi Laila	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Luminus	Harlem Steven	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Next Kraftwerke	Dierckxsens Carlos	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Northpool	Somasundaram Sakthi	<input checked="" type="checkbox"/>	<input type="checkbox"/>
NW Groupe	Pierson Tom	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ODE	Celis Chris	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ORES	Buisseret Thomas	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Otary	Van Nuffel Margot	<input checked="" type="checkbox"/>	<input type="checkbox"/>
RWE	Hendel Manfred	<input checked="" type="checkbox"/>	<input type="checkbox"/>
RWE	Kästner Lars	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Smart Vision	Langer Yves	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Synergrid	Glorieux Jacques	<input checked="" type="checkbox"/>	<input type="checkbox"/>
TotalEnergies	Vandamme Nicolas	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Trail Stone Group	Baudson Axel	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Yuso	Vermandere Jasper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Yuso	Pycke Bart	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Participants		Attended	Excused
Elia	Attanasi Arnaud	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Attanasi Gauthier	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Bakker Carsten	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Illegems Viviane	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Koelman Nicolas	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Leroux Amandine	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Magnant Philippe	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Motté Arno	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Oldenhove Thomas	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Pellegrin Cécile	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Pierreux Nicolas	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Poncelet Kris	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Tsiokanos Anna	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Vanderlinden Loup	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Voet Jan	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Report

Author	Loup Vanderlinden		
Function	WG Balancing Secretary		
Date report	21/03/2023		
Status	<input type="checkbox"/> Draft	<input checked="" type="checkbox"/> Final version	

1. Agenda

1. Introduction
2. EU & BE Balancing Program Update
 - a. Connection to PICASSO
 - b. MARI & iCAROS phase 1
 - c. T&C BRP and imbalance tariffs next steps
 - d. Consolidated roadmap 2023
 - e. Coming Stakeholder management interactions
3. Follow-up incentive study on combos: multiple FSP on a DP and cascade
4. Study on potential evolutions of the BRP perimeter corrections
5. Incentive on prequalification, control, and penalties for the aFRR and mFRR services
6. Prediction of Deterministic Frequency Deviation (DFD) and of the Elia contribution

7. AOB:
- a. Communication on the go-live of aFRR on LV
 - b. MVARs service – Review and recommendations for design optimizations

2. Report

1. Introduction

- Agenda for today's WG Balancing is approved.
- MoM of the WG Balancing of 09/12/2022 are approved.

2. EU & BE Balancing Program Update

- Connection to PICASSO
 - Febeliec asks if the reasons for the differences between the MOLs of Austria and Czech Republic are known, in particular if market surveillance by the regulator plays a role. Elia answers that this information is not known, but that prices at the end of the merit-order in the downwards direction in Czech Republic have recently become much more negative.
 - ENGIE notes that it's not surprising that no significant changes were observed in the MOLs of DE and AT since the connection to PICASSO, considering that they were already integrated, and that the connection of CZ did not bring a significant increase in competition. Elia agrees that the competition level has not yet significantly increased, but that the (substantial) change to paid-as-cleared didn't lead to an expected decrease in bid prices either.
 - Febeliec reminds that when there are no ATCs, the connection to the platform doesn't allow to access more liquidity. ENGIE is asking what the proportion of time is when AT had no or insufficient ATCs. Elia answers that those statistics are available on ETP.
 - CBS asks if a similar chart as that of slide 13 exists with CBMP > 1 k€/MWh (current local cap). Elia answers it does not have this figure.
 - ENGIE asks what the impact on the imbalance price in Belgium would be when connecting to the platform, including the quantification of the benefits of being connected (i.e., avoided high prices thanks to access to liquidity in the participating countries). Elia reminds that this was presented in the observation round and that a disappointing result was precisely that there were hardly no occurrences where a reduction of the imbalance price was observed. This is mainly explained by the fact that bid prices don't seem to be reduced when switching from paid-as-bid to paid-as-cleared remuneration.
 - Virya Energy asks what are the ATCs available on Belgian borders. Elia refers to the results presented in the observation round. [*Off meeting: when considering the border with Germany and the possibility to exchange aFRR via the Netherlands, ATCs lower than 25MW were observed, during the period 01/2022 until 08/2022, about 30% of the time in import and 40% of the time in export.*]
 - Febeliec asks what are considered mid/long-term solutions discussed at EU level. Elia indicates that these relate to structural issues (e.g., lack of competition) that will need time to be solved, and that shorter-term measures should be found to be able to

connect to the platform next year without local price cap while mitigating the risk of high-cost increases. The need for such short-term solutions has been clearly mentioned in the EU discussions.

- Febeliec points to the results of the IDCC parallel run, showing significantly lower ID ATCs, which would result in even lower ATC available for the balancing timeframe. This would make the connection to the platforms even more hazardous and therefore less acceptable. Elia answers that the links are made in the IDCC discussions and that this is being followed-up.
 - Febeliec asks whether CREG would approve a local price cap should all legal alternatives have been explored.
 - According to CBS, quantifying the unsatisfied aFRR demand in BE would be a relevant KPI to appreciate the competition level and to evaluate the risk of activating expensive bids at the end of the Belgian merit orders when no ATCs are available. Elia agrees and adds that it would allow to make the link with the liquidity necessary to mitigate the risks.
 - Eneco asks more information on the ongoing discussions at EU level. Elia indicates that these discussions were triggered by more frequent high prices than anticipated and by the fact that Belgium did not connect to the platform, while being technically ready. The outcome of the discussions is still unclear; Elia expects more information to be provided via EBSG once the discussion is more mature. Elia will continue to inform WG BAL members.
 - ENGIE is disappointed that the go-live of PICASSO has been postponed, as all MPs have been extensively working on it. Elia understands and shares the disappointment. The current situation prevents a risk of significant cost increase, that would materialise in case of a connection without price cap. If opportunities appear to connect earlier while mitigating the risks, Elia will analyse the possibilities to do so. This topic will be followed up in the WG Balancing.
 - Eneco does not understand the rush in connecting when some of the questions are not being answered sufficiently, e.g., what pricing scheme is applied when there is no ATC. Elia confirms that when there is no ATC, the remuneration remains in paid-as-cleared.
 - European Commodities remarks that high activation prices are one thing, and imbalance prices are another. Febeliec reacts that if not in imbalance price, costs would come to grid tariffs eventually, which is also unacceptable.
 - CBS asks what is the probability that we would ignore the legal deadline to connect, and what would be the consequences. Elia indicates that such decision would not be in its hands and remains with the regulator. Nevertheless, Elia insists that the objective is clearly to connect by the deadline (or before, if suitable mitigation measures can be implemented then).
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- MARI & iCAROS phase 1

- ENGIE asks if the risks of cost increase identified for PICASSO also exist for MARI. Elia answers that mFRR is already remunerated paid-as-cleared and that the current price cap (13.500€/MWh) is close to the European price cap for balancing energy. Therefore, the risk identified in the observation round of PICASSO is specific to PICASSO.
- ENGIE understands that iCAROS is an important project for Elia and welcomes offered help. Elia furthermore indicates that the design will also be required in the framework of the CRM. The therefore required data exchanges will be in place after the go-live of iCAROS phase 1.
- T&C BRP and imbalance tariffs next steps
 - Febeliec indicates that an activation by Elia of mFRR to solve in RT congestion issues would raise many additional concerns, as Elia could be seen as manipulating the imbalance price in RT.
 - Eneco remarks that market design should consider the potential undesired effects on BRPs with RES in their portfolio, e.g., by considering imbalance price caps and installing a deadband.
 - Febeliec states it becomes very complex to understand the consequences of the proposals for MPs, following discussions between Elia and CREG. Eventually a workable solution for everyone needs to be found and Febeliec urges Elia and CREG to work together in that purpose. ENGIE and FEBEG agree with Febeliec's comment.
 - Virya Energy states that it becomes very complex for RES players to understand what is ongoing and what the impact on imbalance cost exposure is. Elia refers to its response to public consultation (indicating that the deadband removes 'entrance barriers' for BRPs with RES in their portfolio) and invites MPs to reach out to their KAM Energy should they have questions.
 - Febeliec reminds that the solution agreed on by WG BAL last year was a balanced compromise. Febeliec suggests starting with this solution and take small steps to adjust if needed. Elia highlights the need for a solution that doesn't endanger SoS (red line).
- Consolidated roadmap 2023
 - Febeliec requests to have an overview of all workshops (WS) foreseen for the coming 2 months, and to be sufficiently informed in advance. It also suggests being clearer on the participation expected for the different workshops/sessions.
- Coming Stakeholder management interactions
 - For the information sessions on 08 and 15/02, it is clarified that it will be an overview of the new concepts that will be introduced with the go-live of iCAROS phase 1 on one side and of mFRR on the other side (while training sessions concern technical implementations). Elia indicates that it also considers addressing the aFRR TCO degradation topic during the workshop on 15/02.

- ELIA is initiating the identification of incentives for 2024 and indicates that any idea may be shared before mid-February with their KAM Energy.

3. Follow-up incentive study on combos: multiple FSP on a DP and cascade

- Febeliec mentions the issue regarding assets such as electrolyzers, as it is one physical asset connected to the grid that could technically offer several services. Febeliec complains about the lock-in effect for GUs. Elia replies that the lock-in effect mentioned by Febeliec might be the consequence of the contractual conditions between the GU and its BSP, and that it has reservations regarding the added value achieved by enabling multiple BSPs on the same DP. Elia will be working in the scope of the incentive on prequalification and of CCMD on how to transfer flexibility from one BSP to another more easily in order to foster competition between BSPs.
- CBS remarks that all products are now open and procured in a short-term fashion and BSPs are getting mature, which overall reduces the relevance of allowing several BSPs on the same DP. A BSP now contracts one asset to be able to offer it on the most valuable market, which prevents inefficiencies.
- Next Kraftwerke suggests that a sub-headmeter used for multiple BRPs could be used for other BSPs as well. Elia explains that 2 BSPs can already offer services behind the same access point, as the supply split / multiple BRPs functionality is not required for this.

4. Study on potential evolutions of the BRP perimeter corrections

- There were no comments from MPs.

5. Incentive on prequalification, control, and penalties for the aFRR and mFRR services

- BSTOR announces they are interested in having a bilateral discussion with Elia and asks what the period foreseen for such exchanges is. Elia replies they can contact them right after this WG BAL up to mid-March.
- CBS remarks that big BSPs are more penalized than small ones, which should be addressed as well in the incentive study.

6. Prediction of Deterministic Frequency Deviation (DFD) and of the Elia contribution

- There were no comments from MPs.

7. AOB

- Communication on the go-live of aFRR on LV
 - On ENGIE's request, Elia confirms that DSOs agree on the opening of aFRR to LV and that a trajectory has been defined in agreement with them.
- MVARs service – Review and recommendations for design optimizations

- Febeliec asks whether this incentive will also be discussed in WG Belgian Grid. Elia confirmed that, as indicated in the table with the list of 2023 incentives, the present incentive will be followed in WG Belgian Grid. It will therefore also be introduced in next WG Belgian Grid.
- BSTOR asks whether it is possible to include the selection process in the scope. Elia agrees to look into it and invites MPs to provide suggestions via their KAM Energy.

3. Date for next meeting

- WG Balancing 22/03/2023 09:00 – 13:00
- WG Balancing 16/05/2023 14:00 – 18:00
- WG Balancing 29/06/2023 14:00 – 18:00
- WG Balancing 27/09/2023 09:00 – 13:00
- WG Balancing 14/11/2023 14:00 – 18:00